

know that at least one eminent authority is of the opinion that it is because of freedom of competition, because of cutthroat competition—and these words “cutthroat competition” came into use in consequence of that very practice, the reckless, ruthless cutting to the very quick—that wars have been provoked. They have not resulted from the development of national tendencies in the sense of preventing markets being taken by others, because no question of competition then arises. If you have a protective system by which the commodities of other countries do not find free access to your market, then the likelihood of competition between countries that can come into your market without restriction is far less than it otherwise would be. I do not think there can be any doubt about that.

I do not intend to deal at length with the questions which arise in connection with the trade treaties that are proposed to be made between Great Britain and the United States, or the revision of the treaty between Canada and the United States. Canada has no right in any sense to be concerned about any treaty that Great Britain desires to make with the United States of America; that is the business of the United States and Great Britain. They are quite capable of transacting their own business without assistance from us. But when it comes to the question of a treaty between Canada and the United States then we have a different set of considerations. I ventured to point out a year ago that the agreement which we made with the United States was a lopsided one. Events apparently have justified my view, for now we are to revise the agreement. In order that there may be upon the record a fairly clear statement of the situation I am going to refer to the conditions under which that trade agreement was negotiated. The periods of time that have to elapse between notice being given and negotiations commencing have been quite clearly stated, and it must be clear to everyone that the agreement now in existence was not negotiated by the present administration. The additional thirty days, the two weeks, the period of time within which oral hearings might take place, all these periods elapsed before this government came into office. The negotiations had been completed; the question was whether or not this country was prepared to accept the proposals.

Now let us look for a moment into that, because it becomes of the utmost importance. Remember this, Mr. Speaker, that the proposals made by the Dominion of Canada were contained in a letter which was dispatched to

[Mr. Bennett.]

the Department of State by the minister from this country. First we asked for a mutual undertaking to maintain during the lifetime of the agreement the unrestricted free entry of commodities now on the free list of either country. That related to newsprint and matters of that kind. That was agreed to or conceded. That will not be changed, for reasons I am presently to give. Then followed:

(b) The mutual concession of tariff treatment as favourable as that accorded to any other foreign country; this means that Canada would extend to the United States its intermediate tariff involving reductions from the present rates of duty on some seven hundred items, including both natural and manufactured products, together with a number of further reductions below the intermediate tariff rates through the extension to the United States of concessions made by Canada in trade conventions with foreign countries.

That means the most favoured nation treatment accorded to Canada by the United States and to the United States by Canada. We offered that free and unrestricted benefit. Then we proposed:

(c) The reduction by fifty per cent of the existing United States rates of duty, as authorized by the Tariff Act of 1934, on a specified number of natural products, including inter alia lumber, fish, potatoes, milk and cream, and live cattle; a number of other agricultural products, and several minerals both metallic and non-metallic.

(d) The reduction of the existing rates of duty by the United States on a number of partly or wholly manufactured products of Canada, including some processed natural products and certain products in which hydro-electric power comprises an important element in the cost of production.

(e) The reduction of the existing rates of duty by Canada on a number of natural and partly or wholly manufactured products of the United States.

That letter, as will be remembered, was dated November 14, 1934, and in pursuance of the provisions of United States law to which I shall refer, the negotiations were carried forward. The time began to run, the thirty days, the two weeks, and other fixed periods, until finally we reached a point where, the tariff board having made its report, we were ready to complete the undertaking if we thought it desirable. Having offered these benefits without restriction, our contention was that anything in the way of quotas accorded to Canada was wholly unsatisfactory.

We told them frankly that, having given them the benefits we did, we did not think it fair to suggest that it was an even deal if we, with a population of 11,000,000 people, had to take quota benefits. In other words, we were accorded the intermediate tariff and the most favoured nation treatment to 125,000,000 people, and those 125,000,000 people suggested